

TOWN OF GREENWICH
BOARD OF ESTIMATE AND TAXATION
Investment Advisory Committee
Thursday, December 8, 2016
Mazza Room, Town Hall

Present:

Committee: William Drake, Chairman; John Blankley, Leslie Moriarty,
Absent: Arthur Norton

Staff: Peter Mynarski, Comptroller

The meeting was called to order at 12:35 P.M.

Approval of Investment Advisory Committee Meeting Minutes of November 15, 2016

Upon a motion by Mr. Blankley, seconded by Ms. Moriarty, the Committee voted 3-0-0 to approve the Meeting Minutes of November 15, 2016.

Review and Approval of Actions of the OPEB Trust Board Meeting

During the OPEB Board's preceding meeting, the Board confirmed its decision from the October meeting to increase the portfolio's equity allocation to 70% based on a consensus that equity will continue to outperform fixed income. The November 30, 2016 report presented by the Treasurer, Ms. Murphy, showed that 68.8% of the portfolio was allocated to equities. The Board voted 3-0 to increase holdings in the technology sector fund (XLK) immediately so that the equity portfolio's allocation to technology would equal the S & P 500's allocation to technology (20.8% as of November 30).

Additionally, the Board voted 3-0 to increase holdings in the industrials sector fund (XLI) so that the equity portfolio's allocation to industrials would be 1% greater than the S & P 500's allocation to industrials (10.5% as of November 30) and to increase holdings in the materials sector fund (XLB) so that the equity portfolio's allocation to materials would be 1% greater than the S & P 500's allocation to materials (2.9% as of November 30). The Board advised that, in rebalancing the portfolio, the S&P 500 sector weightings as of the trade date should be used. The Board voted 3-0 that funds for these purchases would come from the sale of PIMIX (fixed income) and from the sale of VGHAX (healthcare).

The Committee discussed whether sector investing would reduce or increase risk if the portfolio contained fewer investment sectors than the S&P 500 index. In discussing the style of investing in sector ETFs suggested by the OPEB Trust Board, better performance with lower fees was acknowledged as the goal.

The Committee considered the difference between the interest rates used in the actuarial reports on the Retirement Board and OPEB. The rate of return assumptions are 6.75% for the Retirement Board and 7% at OPEB. General inflation affects the Retirement Fund, while medical care inflation affects OPEB. Mr. Mynarski commented that the actuary predicted a drop in healthcare costs resulting from TOG employee migration to the State Health Partnership Plan which would reduce the Town's contribution to OPEB's ARC.

Upon a motion by Mr. Blankley, seconded by Ms. Moriarty, the Committee voted 3 - 0 to approve the forgoing transactions of the OPEB.

Retirement Board investment in State Street Emerging Markets Index and Tips Funds

As the Committee considered the amendment to the State Street Investment management agreement, Mr. Mynarski remarked that the Retirement Board did not traditionally review fund legal documents, but delegated that responsibility to BET's Law Committee and the TOG Law Department, which are better suited for this review. The Retirement Board considers risks, returns, costs, fees and timing of purchases as prepared in a "comfort letter" from NEPC and interviewed fund managers as part of their responsibility in making investment decisions. The Investment Advisory Committee discussed the past practice of the BET in requesting a dollar amount of a Retirement Board transaction, however, Ms. Moriarty noted that investment decisions were the responsibility of the Retirement Board, not the BET. Mr. Drake commented that the recently adopted Procedures for Review of Retirement Board Investment Agreements confirmed that the investment of funds of the Retirement System is managed by the Retirement Board, not the BET.

The Committee considered the following resolution:

WHEREAS the Retirement Board had voted to invest \$10 million in State Street Emerging Markets Index and \$10 million in TIPS Funds,

RESOLVED, that the Committee recommend that the BET approve the Amendment to the State Street contract received from TOG Law Department with the Department's letter dated December 7, 2016.

Upon a motion by Mr. Drake, seconded by Ms. Moriarty, the Committee voted unanimously to approve the resolution above.

New Business


The Committee agreed to discuss the Actuarial discount rate at a future meeting.

Adjournment

The Committee voted unanimously to adjourn at 1:20 P.M.



Catherine Sidor, Recording Secretary



William Drake, Investment Committee Chairman

Schedule of Future Meetings

January 5, 2017 at 8:30 A.M.
February – no meeting is scheduled

March 2, 2017 at 8:30 A.M.
April 17, 2017 at 8:30 A.M.
May 4, 2017 at 8:30 A.M.
June 7, 2017 at 8:30 A.M.
July 12, 2017 at 8:30 A.M.
August – no meeting is scheduled
September 7, 2017 at 8:30 A.M.
October 5, 2017 at 8:30 A.M.
November 8, 2017 at 8:30 A.M.
December 7, 2017 at 8:30 A.M.